

The Department of Commerce green paper “Commercial Data Privacy and Innovation in the Internet Economy” focuses on the need for a “Dynamic Privacy Framework.” That is a phrase that resonates at TruEffect because the company was founded on the principle that technological innovation could provide dynamic new ways to meet the marketing requirements that underlie our free market economy, while at the same time respecting consumers’ rights.

The green paper covers the gamut of issues related to commercial data privacy. TruEffect is the expert when it comes to developing technology for online advertising solutions that provide a one-to-one company-to-consumer relationship, so these comments are focused on the ways technology and business models can enhance transparency.

To provide context for our perspective on these issues, it’s useful to review the history of our industry. Popular TV shows like Mad Men remind us that advertising has been a stalwart part of our free-market economy for many decades. Through direct mail, print, radio and TV advertising and co-marketing programs, companies have long been able to advertise to their customers as well as people who are likely customers (perhaps because of past purchases at a sister-brand company, or because of their geographic proximity to the business). With the advent of the Internet, companies wanted to expand their reach into this new frontier, however the vast majority of consumer-brand companies lacked any technical knowledge about Internet protocols and were not sure how to approach the new medium.

Into that void, a new set of companies sprung up and formed online advertising platforms and networks. They offered technically-challenged marketing executives a worry-free way to start advertising on the Internet without needing to build any in-house expertise. Almost instantly, the third-party advertising model took hold and has remained the primary methodology for more than a decade. This system grew increasingly sophisticated and complex over time until many large consumer-brand companies had little visibility into who was involved delivering their ads, nor which computer users were receiving their ads. Likewise, consumers were increasingly perplexed about who all these companies were putting cookies onto their systems and what information they are attempting to collect in the process. Enter TruEffect. The company was founded by a team of technologists and large-brand advertising executives who felt there needed to be a way to preserve the significant value offered by the technology without inserting an outside third party into every transaction. The aim was to re-establish a direct relationship between merchants and customers.

It is this concept of relationship-advertising that can directly address some of the concerns that exist about the lack of transparency in the third-party online ad-delivery system. According to the Department of Commerce report, the Administration hopes to address privacy challenges while promoting entrepreneurship, innovation, and economic development and protecting informed choice and individual privacy in order to promote user trust. Promoting each of these simultaneously in an effective and balanced way has been the driving force behind TruEffect since its inception. The green paper and associated discussions about the Fair Information Practice Principles (FIPPs) identify the

objectives of: enhancing transparency; encouraging greater detail in purpose specifications and use limitations; and fostering the development of verifiable evaluation. These are the right objectives to focus upon.

The paper poses the question: “What is the best way of promoting transparency so as to promote informed choices?” From TruEffect’s perspective, transparency exists when business practices align to user expectations. The TruEffect view is that consumers want the same privacy, trust, and personalized experience they get offline, mirrored online:

- Yes – recognize me when I visit your site or online store
- Yes – remember what I like and what I want to buy
- Yes – remember the level of service I prefer, and leave me alone when I’m just browsing
- No – don’t have an unknown third-party track me around your store and record my activities
- No – don’t sell my information to another merchant so they can market to me
- No – don’t create a “profile” from my preferences and sell it to a complete stranger

Trust and past experience are the most important aspects of the relationship between a consumer and a brand -- the bank teller that knows customers’ names when they first enter, the store clerk who knows a frequent customer’s size, the restaurant hostess that seats the regular patrons at their favorite table. Similarly, the online world enables brands to offer personalized experiences on their sites – like remembering account details, or favorite destinations and products. TruEffect’s relationship advertising approach strives to preserve trust online.

TruEffect’s technology allows advertisers to recognize their customers and prospects wherever they cross paths on the web and to use the marketing data they already have to respond with the most relevant message possible. At the same time, this approach preserves consumer privacy because it is the company that they have shared information with directly that is sending them advertising messages. In this way, the “first-party” ad serving approach is an effective market-oriented means to maintain transparency.

This approach helps to return to a previous era in terms of transparency in commercial dealings. Businesses contacting shoppers with targeted sales offers has been a norm for a long time. It is something that the vast majority of consumers understand, and many welcome the personalized offers they receive from their frequented merchants. This level of transparency also helps to alleviate some of the concerns about monitoring data use, because in a first-party model data is not traveling to third party entities with which the consumer has no direct relationship or experience.

Business practices should align to this model, and companies should respect and protect the data consumers provide to them willingly. It is always important that policies and procedures exist to support the appropriate use of technology. To this end, companies who engage in this new first-party advertising paradigm should continue to maintain privacy policies and conduct privacy impact assessments on a regular basis. Companies should have an in-house consumer privacy advocate and

that individual or team needs to work directly with the people responsible for media buys and customer data collection and management.

TruEffect's first-party approach is the most privacy-centric model in the industry. It allows advertisers and their advertising agencies to fuse the science of direct marketing with the interactivity and reach of the web, without needing to share valuable customer information with third parties. TruEffect's technology solution provides assurance to both consumers and brands that data collected during a site visit or while viewing an ad is safe and secure and will only be used by that merchant to personalize the customer experience. No aggregating data across merchants. No third-party tracking tags leaking customer and site information. No violating consumers' trust.

TruEffect is committed to providing technical expertise to help support the Administration's efforts to establish transparency, promote cooperation and empower individuals to make informed and intelligent choices. If there is additional information needed, please contact:

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